

# INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2016/2017



Gloucester  
**City Council**

**ARA**  
Audit Risk Assurance  
Gloucester City Council  STROUD DISTRICT COUNCIL  Gloucestershire COUNTY COUNCIL

## **(1) Introduction**

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that a relevant authority “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. The Internal Audit Service is provided by Audit Risk Assurance under a Shared Service agreement between Gloucester City Council, Stroud District Council and Gloucestershire County Council and carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.

The guidance accompanying the Regulations recognises the Public Sector Internal Audit Standards (PSIAS) as representing “proper internal audit practices”. The standards define the way in which the Internal Audit Service should be established and undertakes its functions.

## **(2) Responsibilities**

Management are responsible for establishing and maintaining appropriate risk management processes, control systems (financial and non financial) and governance arrangements.

Internal Audit plays a key role in providing independent assurance and advising the organisation that these arrangements are in place and operating effectively.

Internal Audit is not the only source of assurance for the Council. There are a range of external audit and inspection agencies as well as management processes which also provide assurance and these are set out in the Council’s Code of Corporate Governance and its Annual Governance Statement.

## **(3) Purpose of this Report**

One of the key requirements of the standards is that the Chief Internal Auditor should provide progress reports on internal audit activity to those charged with governance. This report summarises:

- the progress against the 2016/2017 Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
- the outcomes of the Internal Audit activity during the period January and February 2017; and
- special investigations/counter fraud activity.

#### (4) Progress against the 2016/2017 Internal Audit Plan, including the assurance opinions on risk and control

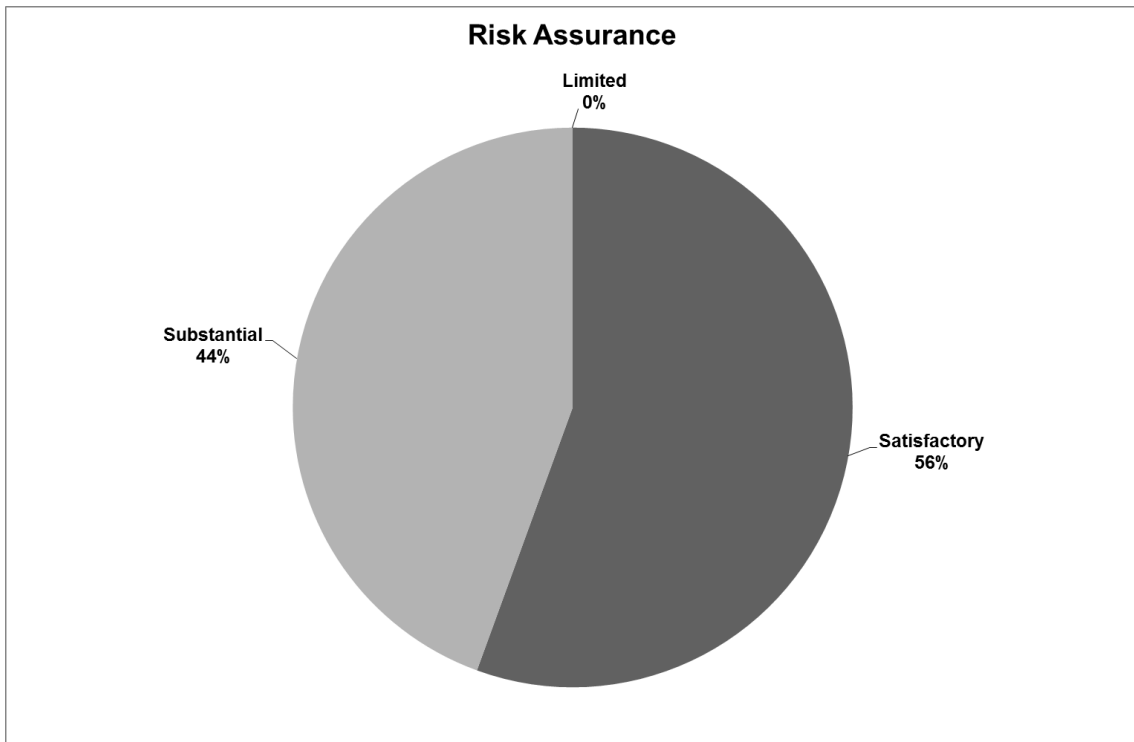
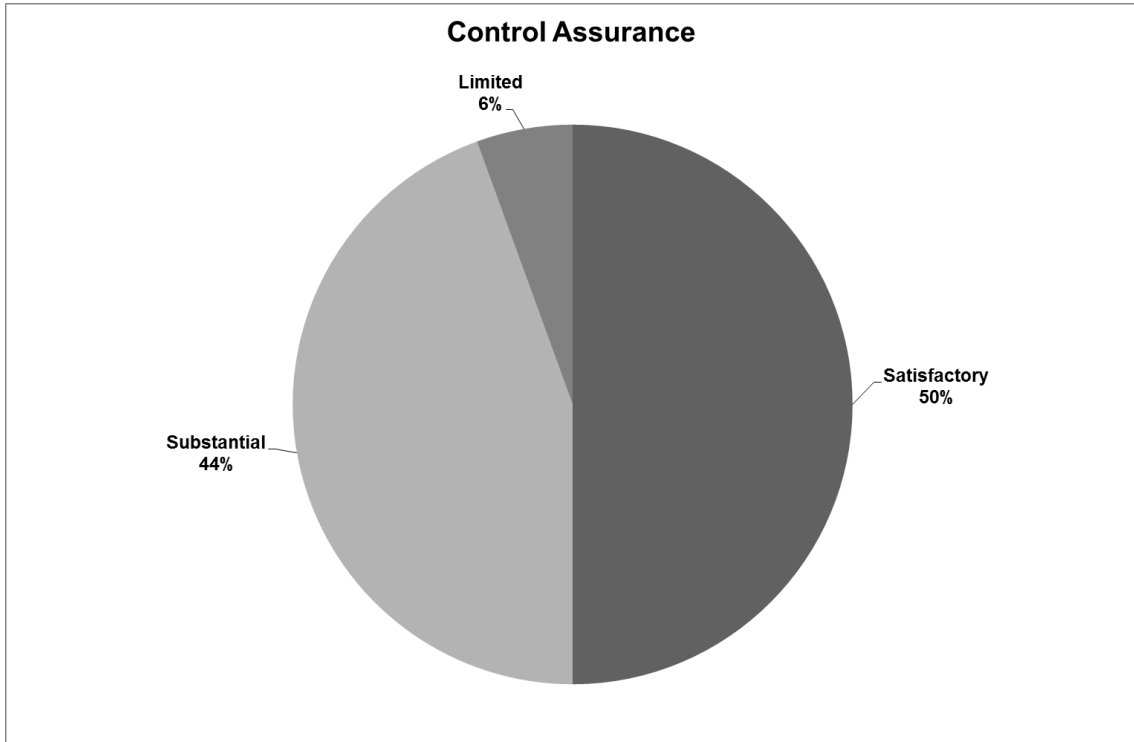
The schedule provided at **Appendix 1** provides the summary of 2016/17 audits which have not previously been reported to the Audit and Governance Committee, including, very importantly one limited assurance audit opinion on control.

The schedule provided at **Appendix 2** contains a list of all of the audit activity undertaken during 2016/2017, which includes, where relevant, the assurance opinions on the effectiveness of risk management arrangements and control processes in place to manage those risks and the dates where a summary of the activities outcomes has been presented to the Audit and Governance Committee. Explanations of the meaning of these opinions are shown below.

Assurance Levels	Risk Identification Maturity	Control Environment
<b>Substantial</b>	<p><b>Risk Managed</b> Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment client/customer/partners, and staff. All key risks are accurately reported and monitored in line with the Council's Risk Management Strategy.</p>	<ul style="list-style-type: none"> <li>• System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved</li> <li>• Control Application – Controls are applied continuously or with minor lapses</li> </ul>
<b>Satisfactory</b>	<p><b>Risk Aware</b> Service area has an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff, however some key risks are not being accurately reported and monitored in line with the Council's Risk Management Strategy.</p>	<ul style="list-style-type: none"> <li>• System Adequacy – Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger</li> <li>• Control Application – Controls are applied but with some lapses</li> </ul>
<b>Limited</b>	<p><b>Risk Naïve</b> Due to an absence of accurate and regular reporting and monitoring of the key risks in line with the Council's Risk Management Strategy, the service area has not demonstrated an satisfactory awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners and staff.</p>	<ul style="list-style-type: none"> <li>• System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls</li> <li>• Control Application – Significant breakdown in the application of control</li> </ul>

#### (4a) Summary of Internal Audit Assurance Opinions on Risk and Control

The pie charts provided below show the summary of the risk and control assurance opinions provided within each category of opinion i.e. substantial, satisfactory and limited in relation to the audit activity undertaken during the period April 2016 and February 2017.



#### **(4b) Limited Control Assurance Opinions**

Where audit activity record that a limited assurance opinion on control has been provided, the Audit and Governance Committee may request Senior Management attendance to the next meeting of the Committee to provide an update as to their actions taken to address the risks and associated recommendations identified by Internal Audit.

#### **(4c) Audit Activity where a Limited Assurance Opinion has been provided on Control**

During the period January and February 2017, it is pleasing to report that no limited assurance opinions on control have been provided on completed audits from the 2016/17 Internal Audit Plan.

#### **(4d) Satisfactory Control Assurance Opinions**

Where audit activity record that a satisfactory assurance opinion on control has been provided, where recommendations have been made to reflect some improvements in control, the Committee can take assurance that improvement actions have been agreed with management to address these.

#### **(4e) Internal Audit Recommendations**

During January and February 2017 Internal Audit made, in total, **8** recommendations to improve the control environment, **0** of these being high priority recommendations i.e. 8 being medium priority recommendations (**100%** accepted by management).

The Committee can take assurance that all high priority recommendations will remain under review by Internal Audit, by obtaining regular management updates, until the required action has been fully completed.

#### **(4f) Risk Assurance Opinions**

During the period January and February 2017, it is pleasing to report that no limited assurance opinions on risk have been provided on completed audits from the 2016/17 Internal Audit Plan.

In the cases where a limited assurance opinion has been given, the Shared Service Senior Risk Management Advisor is provided with the Internal Audit reports, to enable the prioritisation of risk management support.

## Completed Internal Audit Activity during January and February 2017

### Summary of Satisfactory Assurance Opinions on Control

#### Service Area: Revenues and Benefits

#### Audit Activity: Housing Benefits and Council Tax Support

##### Background

Gloucester City Council expenditure on Housing Benefits and Council Tax Support is in excess of £46m per annum. The rules surrounding entitlement to Housing Benefit and Council Tax support are quite complex and any administrative errors having the potential to lead to under/overpayments. The service was outsourced to Civica Ltd in October 2011 with an initial contract term of seven years, which has recently been extended to October 2021.

The External Auditors have identified Housing Benefits and Council Tax Support as being a key financial system. The audit approach is to test key high level controls on an annual basis with additional controls as identified by the Chartered Institute of Public Finance and Accountancy (CIPFA) being tested over a rolling 3 year period.

##### Scope

The purpose of this audit is to review the effectiveness of the key financial controls in place to ensure that benefit claimants are paid the correct benefit promptly and secure the benefit system against fraud. In particular, this audit will assess whether:

- Reconciliations are undertaken;
- Systems and payments are secured;
- Internal verification checks are completed;
- Backlogs of caseload or system uploads are avoided; and
- Identified control weaknesses are corrected.

##### Risk Assurance – Satisfactory

##### Control Assurance – Satisfactory

##### Key findings

- The Benefits system is reconciled to the general ledger on a monthly basis, although formal signoff by an independent person would be beneficial.
- The Benefits Council Tax Support Scheme entitlements are reconciled to the Council Tax system (Council Tax Support Scheme) on a weekly basis and formally signed off by a Supervisor.

- Exception reports (e.g. to identify payments outside set parameters) are automatically generated as part of the payment run.
- System parameters alert assessors to potential errors (e.g. duplicate claims or underage claimant) at the point of data entry.
- Payments are prepared and processed by separate individuals, with batch totals checked and signed off. Payments April – November have been made via an interface with the creditors system and since November have been loaded directly into the Council's Bankers Automated Clearing System (BACS) submissions software.
- The revised BACS process is sufficient to ensure prompt payment, accurate transfer and file security, although minor enhancements to the security of the editable payment file are advised.
- Payments to third parties (i.e. landlords) were accurate, although the Council's Local Housing Allowance (LHA) Safeguarding Policy requires update and an amendment to the eClaim as part of its general implementation is advised.
- Starters and leavers in 2016/17 were found to be managed effectively, although review of access identified that some historic users require removal. Improvements to the arrangements for ongoing user control are therefore suggested.
- Adequate network-linked or password-based access restrictions are in place for each IT application used to hold data relevant to Benefits.
- Checks on at least 10% of claim decisions have been undertaken in 2016/17 at the point of audit. Changes in the staffing of the client function team from Q4 may affect the arrangements reviewed by this audit in the future.
- The Supplier is using a Risk Based Verification (RBV) approach in compliance with the Council's RBV Policy. Sampling of 34 claims confirmed that all necessary evidence had been obtained and identified some areas for policy clarification.
- Updates for Changes in Circumstances from other government agencies (i.e. ATLAS) are uploaded promptly.
- Caseload and processing times are monitored jointly by the Council and Civica on a monthly basis in order to identify backlogs that could result in claim overpayments. Planned arrangements to reduce any backlogs that may arise are reasonable.
- Work is ongoing to resolve actions agreed in previous audits; to support identification and scrutiny of overpayments within the client team and obtain formal approval for a local discretionary scheme. Revised timescales for both actions have been agreed.

### Conclusions

Overall, the arrangements for managing the Housing Benefit and Council Tax Support

Scheme are sound.

### **Management Actions**

No High Priority actions were identified during the course of this audit. Management have responded positively to the audit findings and have agreed an action plan to address all issues raised from this review.

## **Summary of Substantial Assurance Opinions on Control**

### **Service Area: Financial Services**

### **Audit Activity: Cash to Bank**

#### **Background**

The External Auditors have identified Cash to Bank as being a key financial system for which the Chartered Institute of Public Finance and Accountancy (CIPFA) have defined a series of risk and control matrices. These matrices were used as the base point for testing to enable the level of assurance opinions provided on the risk management and control environment.

#### **Scope**

This audit has been undertaken as part of the joint working agreement with the Council's external auditor, KPMG, with the scope of the audit limited to testing of the following key controls and processes, as well as establishing actions taken to address previously identified issues:-

- Bank reconciliations;
- Reconciliation(s) of the cash receipting system to General Ledger;
- Reviews performed upon the unallocated cash suspense account; and
- Setting up and reviewing Direct Debits to suppliers.

Activities during the 2016-2017 financial year were subject to review as required in order to ensure that sufficient data was available from which to form an accurate audit opinion.

#### **Risk Assurance – Substantial**

#### **Control Assurance – Substantial**

#### **Key findings**

The findings from the audit work undertaken has demonstrated that there has been an overall improvement in system processes from which substantial assurance can be provided that system controls are mitigating identified risks considered to be material to the



achievement of service objectives.

This opinion has been substantiated by the service demonstrating that the recommendations made within the 2015-2016 audit, which all relate to cash receipting, have been given due consideration and that there has been no slippage within any of the other areas covered within the audit scope.

Income is transferred to the general ledger (eFin) through a series of interfaces from the Ash Information Systems Sundry Debtor Management software (ASH), Capita Software Services Axis Income Management software (AIM) and the Flex Point of Sales System (Flex). Last year's audit had identified that these interfaces, as well as the AIM cash receipting reconciliation, contained points that required addressing for which recommendations were made resulting in remedial actions being agreed.

Testing was performed upon all of the interfaces and cash receipting reconciliations to establish whether the recommendations have been actioned and whether expected controls are in place and working as intended. Key findings were:-

- ASH (Sundry Debtor element) to eFin interface – Last year's audit identified that eight of the 58 interface postings sampled had returned variances where less VAT was posted to eFin than was recorded on the ASH Financial Analysis Reports. A recommendation was made for resolution from which notification was provided that Finance was aware of this issue. Arrangements were put in place for both the finance team and the debtor's team to actively review any new instances to confirm their appropriateness and to take remedial actions as required to ensure that the VAT return to HMRC was correct.

Review of the current position revealed that only one of the 62 interface postings sampled had returned a VAT variance and that as at 11th January 2017 there had been a total of two variances within the year totalling £4.44. Comparison of these findings to the previous two years audit data demonstrated an ongoing improvement with the percentage variances within the sample reducing from 40% to 13.9% and now down to 1.6%. This improvement was also mirrored within the value of the variances at the time each audit was conducted having reduced from £2,515.36 to £311.27 and now down to £4.44.

- AIM to eFin interface – Last year's audit identified that less VAT was being posted to eFin than was recorded on the Fund Analysis Reports. A recommendation was made to resolve this position, and for the variances to be reviewed and corrected as required within the VAT return process.

Review of the interface postings for the current financial year revealed that variances are occurring whenever VAT is applicable, and that as at 11th January 2017 there had been 184 variances totalling £30,525.39. The Financial Accountant provided assurance that Finance are fully aware of this issue and that the codes are subject to regular review with corrections being processed within the VAT return to ensure that VAT is fully accounted for. It was also advised that focus was not placed upon resolving the actual interface variance because the Council had already commenced

the process of transferring its financial software from eFin to Civica Financials.

Whilst it is evident that the AIM interface is still returning VAT variances which require corrections to be processed within the VAT return, the recommendation for its resolution is not being resubmitted because it is anticipated that the issue will be resolved when the Council transfers to the new financial system.

- AIM cash receipting reconciliation - Last year's audit had revealed that updates applied to AIM at the start of January 2016 resulted in higher income figures being posted to the general ledger than were advised through the AIM reports. As at 10th February 2016 this value totalled £568,997.22. A recommendation was made to address the issue from which investigative actions revealed where in the process the issue was occurring from which resolution was implemented on 26th February 2016. Further work was undertaken by Finance working with Civica's Service Delivery Manager to correct the inflated figures prior to year-end.

Comparison of the current financial year's reconciliation spreadsheet to the general ledger revealed that the reconciliation recorded value for the difference between the income allocated within eFin and the income banked was £2,844 in excess of the value recorded within the general ledger. This information was relayed to Finance from which investigative actions revealed that the variance related to a duplicate posting during September 2016, which has now been remedied.

- TopTix SR04 Ticketing software (TopTix) - Income for the six Council outstations was being processed through Flex prior to the implementation of the TopTix software. At present there is a back-end software issue impacting upon the interface to eFin resulting in a workaround whereby income is being handled and reconciled through AIM cash receipting. Meetings are ongoing between representatives of TopTix, the Council and Civica to resolve the issue with it being anticipated that once resolved the software will be subject to its own interfaces and reconciliation.

### **Conclusions**

Work undertaken during this 2016-17 audit has demonstrated that positive actions have been taken to address matters identified during the 2015-2016 audit and that these actions have improved the control environment. Substantial assurance can be provided that system controls are mitigating identified risks considered to be material to the achievement of service objectives.

### **Management Actions**

None required.

**Service Area: Revenues and Benefits****Audit Activity: Council Tax Key Controls Audit****Background**

The External Auditors have identified Council Tax (CTax) as being a key financial system for which the Chartered Institute of Public Finance and Accountancy (CIPFA) have defined a series of risk and control matrices. These matrices were used as the base point for testing to enable the level of assurance opinions provided on the risk management and control environment.

**Scope**

The approach was to test key high level controls on an annual basis with the remaining CIPFA controls being tested over a three year period. Testing for the 2016-2017 audit was undertaken to establish that the following high level controls are in place and operating effectively:-

- Reconciliation of the CTax system to Valuation Office listings;
- Reconciliation of the CTax system to the Cash Receipting system;
- Reconciliation of the CTax system to the Financial Management System;
- Review of exceptions e.g. banding changes, suppressed accounts, overpayments and refunds; and
- Production and independent review of CTax arrears and credit reports.

That the controls scheduled for year one testing are in place and operating effectively:-

- Valuation procedures and regulations are readily accessible;
- Processes relating to new and amended properties;
- Composite properties are accurately recorded;
- Liability procedures and regulations are readily accessible;
- Processes relating to the determination of, and amendments to, liability; and
- Processes relating to awarding and reviewing discounts and exemptions.

Activities during the 2016-2017 financial year were subject to review as required, in order to ensure that sufficient data was available from which to form an accurate audit opinion.

### **Risk Assurance – Substantial**

### **Control Assurance – Substantial**

#### **Key findings**

The findings from the audit works undertaken have demonstrated that there has been an overall improvement in system processes from which substantial assurance can be provided that system controls are mitigating identified risks considered to be material to the achievement of service objectives.

This opinion is substantiated with it being demonstrated that all four of the recommendations from the 2015-2016 audit have been given due consideration:-

- Identifying the target location for payments held in suspense was subject to a recommendation when it was confirmed that Civica's Open Revenue (OR) system does not contain functionality to run reports identifying payments held in suspense. Civica's Service Delivery Manager (SDM) advises that this point has been subject to discussion with the Council's Client Team where it was agreed that the costs were not considered to represent value for money when consideration was given to the values held in suspense. As at 23rd October 2016 the value in suspense for the current financial year was £491.45.
- Ensuring that Recovery Inhibit Reports listing the suppressed accounts are run in the current users' spool manager was subject to a recommendation after it was evidenced that inhibit reports were being produced for staff who had left Civica's employ. The Technical Team Leader (TTL) demonstrated that he has reviewed and amended the report parameters to ensure that these reports are now only run within the spool manager of current employees.
- The requirement for users to review and save the monthly Recovery Inhibit Reports to the Document Management Software (DMS) was subject to a recommendation after it was considered that insufficient reports had been printed, annotated and scanned to the DMS to demonstrate that inhibits were being reviewed in line with the reporting timeframes. Current year testing has demonstrated that there has been a general improvement with 10 of the 13 Officers responsible for CTax having printed, annotated and saved 75% or more of their reports to the DMS. Information relating to the three officers not achieving this target was relayed to the Revenue Section Manager (RSM) who later provided verbal assurance that these individuals had reviewed their entries electronically but had not printed them off for saving on the DMS. The RSM has reminded these individuals of their responsibilities and has requested that the TTL amends the inhibit emails issued to the team to state that the reports are important and MUST be printed, signed and saved to the DMS. After consideration is given to the general improvement and that immediate actions were taken to address the identified oversight it is now considered that the inhibit reports are being reviewed in line with the reporting timeframes.

- Verifying the validity of refund requests was subject to a recommendation when it was confirmed that the Council was not performing its own verification of refund requests as per the requirement within section 5.1.4 of the Managed Services contract between Civica and the City Council. This point was discussed with the Client Officer who confirmed that he now has direct access to the refund files from which he checks a sample of 10% of refund requests in line with the agreed management actions.

It has also been established that the refund process has been subject to appraisal and amendment from which Civica's Revenue Services (Revenues) now create the refund run transmission form and BACS file. Review of a sample of 15 refund reports demonstrated that Revenues are reviewing the appropriateness of each refund request and that there is adequate separation of duties with requesting refunds, reviewing refunds, and creating payment through BACS. Notification of the BACS transmission details are emailed to the Council's Client and Financial Services who have been granted access to the server containing the detailed records to facilitate validation of the appropriateness of each refund and the accuracy of the BACS payments.

### Conclusions

Work undertaken during this audit has demonstrated that positive actions have been taken to address matters identified during the 2015-2016 audit and that these actions have improved the control environment. Substantial assurance can be provided that system controls are mitigating identified risks considered to be material to the achievement of service objectives.

### Management Actions

None required.

## Service Area: Revenues and Benefits

### Audit Activity: National Non Domestic Rates Key Controls

#### Background

The External Auditors have identified National Non Domestic Rates (NNDR) as being a key financial system for which the Chartered Institute of Public Finance and Accountancy (CIPFA) have defined a series of risk and control matrices. These matrices were used as the base point for testing to enable the level of assurance opinions provided on the risk management and control environment

#### Scope

The adopted approach was to test key high level controls on an annual basis with the remaining CIPFA controls being tested over a three year period.

Testing for the 2016-2017 audit was undertaken to establish that the following high level controls are in place and operating effectively:-

- Reconciliation of the NNDR system to Valuation Office listings;
- Reconciliation of the NNDR system to the Cash Receipting system;
- Reconciliation of the NNDR system to the Financial Management System;
- Review of exceptions e.g. banding changes, suppressed accounts, overpayments and refunds; and
- Production and independent review of NNDR arrears and credit reports.

That the controls scheduled for year one testing are in place and operating effectively:-

- Valuation procedures and regulations are readily accessible;
- Processes relating to new and amended properties;
- Composite properties are accurately recorded;
- Liability procedures and regulations are readily accessible;
- Processes relating to the determination of, and amendments to, liability; and
- Processes relating to awarding and reviewing discounts and exemptions.

Activities during the 2016-2017 financial year were subject to review as required, in order to ensure that sufficient data was available from which to form an accurate audit opinion.

### **Risk Assurance – Substantial**

### **Control Assurance – Substantial**

#### **Key findings**

The findings from the audit work undertaken have demonstrated that there has been an overall improvement in system processes from which substantial assurance can be provided that system controls are mitigating identified risks considered to be material to the achievement of service objectives.

This opinion is substantiated with it being demonstrated that both of the recommendations from the 2015-2016 audit have been given due consideration:-

- Identifying the target location for payments held in suspense was subject to a recommendation when it was confirmed that Civica's Open Revenue (OR) system does not contain functionality to run reports identifying payments held in suspense.

Civica's Service Delivery Manager (SDM) advises that this point has been subject to discussion with the Council's Client Team where it was agreed that the costs were not considered to represent value for money when consideration was given to the values held in suspense. As at 23rd October 2016 the value in suspense for the current financial year was £491.45.

- Verifying the validity of refund requests was subject to a recommendation when it was confirmed that the Council was not performing its own verification of refund requests as per the requirement within section 5.1.4 of the Managed Services contract between Civica and the City Council. This point was discussed with the Client Officer who confirmed that he now has direct access to the refund files from which he checks a sample of 10% of refund requests in line with the agreed management actions.

It has also been established that the refund process has been subject to appraisal and amendment from which Civica's Revenue Services (Revenues) now create the refund run transmission form and BACS file. Review of a sample of 15 refund reports demonstrated that Revenues are reviewing the appropriateness of each refund request and that there is adequate separation of duties with requesting refunds, reviewing refunds, and creating payment through BACS. Notification of the BACS transmission details are emailed to the Council's Client and Financial Services who have been granted access to the server containing the detailed records to facilitate validation of the appropriateness of each refund and the accuracy of the BACS payments.

### Conclusions

Works undertaken during this audit have demonstrated that positive actions have been taken to address matters identified during the 2015-2016 audit and that these actions have improved the control environment. Substantial assurance can be provided that system controls are mitigating identified risks considered to be material to the achievement of service objectives.

### Management Actions

None required.

## Summary of consulting activity, grant certification and/or support provided where no opinions are provided

### Service Area: Regeneration and Economic Development

### Audit Activity: Broadband Connection Voucher Scheme

### Background

The Government's Broadband Connection Voucher Scheme ran from December 2013 until October 2015 and allowed businesses to apply for grants of up to £3,000 each to cover the costs of installing faster and better broadband.

The aim was to benefit Small and Medium Size Enterprises (SMEs), helping cities to create and attract new jobs and investment as part of the Government's ambition to make the UK the best place in Europe to do business. Participating cities in the Broadband Connection Voucher Scheme would work with Broadband Delivery UK (BDUK) and registered suppliers in awarding vouchers to SMEs within their city limits either through pre-registered packages (PRP) or bespoke City Vouchers. Once the installations were completed, the City Authority would pay the incurred cost of the SME and reclaim the expenditure from BDUK.

### **Scope**

To ensure that the Statement of Grant Usage, in all material respects, fairly presents the eligible expenditure during the period of the grant scheme in accordance with the definitions and conditions in the grant agreement.

### **Risk Assurance – N/A (Certification)**

### **Control Assurance – N/A (Certification)**

### **Key findings**

- 59 Bespoke City Vouchers were paid by Gloucester City Council for a total of £136,211;
- 112 pre-registered packages were paid by Gloucester City Council for a total of £54,225;
- A total of £19,018 was claimed by Gloucester City Council in management fees (within the 10% limit of the overall claim);
- Overall Gloucester City Council claimed £209,454 over the duration of the Broadband Connection Voucher Scheme; and
- All claims submitted by Gloucester City Council to BDUK have been accepted and funding has been received by the City Council.

### **Conclusions**

The requests for funding made to BDUK by Gloucester City Council reflect relevant expenditure paid by Gloucester City Council on behalf of the Broadband Connection Voucher Scheme and appropriate levels of documentation is retained.

### **Management Actions**

None required.



## **Summary of Special Investigations/Counter Fraud Activities**

### **Current Status**

During April 2016 and February 2017 there have been no fraud/irregularity referrals to Internal Audit.

### **Fraud Risk Assessment / Risk Register**

A fraud risk register has been produced, the outcome of which will inform future Internal Audit activity.

### **National Fraud Initiative (NFI)**

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data collections were collected throughout October 2016 and reports have started to be received. Examples of data sets include housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader/operator, taxi drivers and personal licences to supply alcohol. Not all matches are investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area.

In addition, there is an annual data matching exercise undertaken relating to matching the electoral register data to the single person discount data held within the City Council. Once all relevant data has been uploaded onto the NFI portal, a data match report is instantly produced and available for analysis.

The key outcomes of the review will be provided to the Audit and Governance Committee.

The Committee can also take assurance that all special investigations/counter fraud activities are reported to the Managing Director, Monitoring Officer and Head of Finance as required, via the Corporate Governance Board.